

## **Program A: Louisiana Gaming Control Board**

Program Authorization: R.S. 27:15; Act 817 of 1993

### **PROGRAM DESCRIPTION**

The mission of the Louisiana Gaming Control Board is to regulate all gaming activity under its jurisdiction in a manner that instills public confidence and trust that gaming activities are conducted honestly and are free from criminal and corruptive elements and to ensure the integrity of individual gaming activities by the regulation of persons, practices, associations, and activities within the gaming activity.

The goals of the Louisiana Gaming Control Board are:

1. Strictly regulate all gaming activities under the jurisdiction of the Louisiana Gaming Control Board by ensuring the initial and continuing suitability of all licenses and permittee and eliminating all criminal and corrupt influences on the gaming industry.
2. Ensure, compatible with regulation, that gaming as authorized by the legislature is of economic benefit to the State of Louisiana.
3. Deter to the extent possible underage and compulsive gaming in the State of Louisiana in the gaming industries regulated by the Louisiana gaming Control Board.

The Louisiana Gaming Control Board is responsible for regulating all gaming activities under its jurisdiction by licensing and permitting suitable applicants; conducting monthly board meetings at which decisions and orders are rendered; conducting administrative hearing in accordance with the Louisiana Gaming Control Law and collecting fees to defray costs of these proceedings; collecting fines as a result of violations for deposit in the state general fund; and promulgation of the rules and regulations.

### **OBJECTIVES AND PERFORMANCE INDICATORS**

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

**The objectives and performance indicators that appear below are associated with program funding in the Base Executive Budget for FY 2000-01. Specific information on program funding is presented in the financial sections that follow performance tables.**

1. (KEY) To decrease the number of licenses and permits held by known disqualified and unsuitable persons, identified by State Police and/or Attorney General investigators, in order to eliminate criminal and known corrupt influences on the gaming industry.

Strategic Link: This operational objective relates to Strategic Objective I.1: *To decrease by 100% the number of licenses and permits held by known disqualified and unsuitable persons identified by the State Police and/or the Attorney General gaming investigators in order to eliminate criminal and known corrupt influences on the gaming industry.*

Explanatory note: In order to accomplish this operational objective, the Louisiana Gaming Control Board will afford applicants, licensees, and permittees administrative remedies as required by law and require compliance by the gaming industry with all statutory requirements for gaming by issuing licenses and permits for riverboat, video poker, and land-based casino gaming.

| LEVEL | PERFORMANCE INDICATOR NAME  | PERFORMANCE INDICATOR VALUES                       |  |   |   |  |   |
|-------|---|--|--|---|---|--|---|
|       |   | YEAREND<br>PERFORMANCE<br>STANDARD<br>FY 1998-1999 | ACTUAL<br>YEAREND<br>PERFORMANCE<br>FY 1998-1999 | ACT 10<br>PERFORMANCE<br>STANDARD<br>FY 1999-2000 | EXISTING<br>PERFORMANCE<br>STANDARD<br>FY 1999-2000 | AT<br>CONTINUATION<br>BUDGET LEVEL<br>FY 2000-2001 | AT<br>RECOMMENDED<br>BUDGET LEVEL<br>FY 2000-2001 |
| K     | Number of administrative hearings requested <sup>1</sup>  | Not applicable <sup>2</sup>                        | 769  | 751   | 751   | 750  | 750   |
| K     | Number of administrative hearings held <sup>3</sup>   | 312  | 310  | 401   | 401   | 325  | 325   |
|       | <b>Number of hearing officer recommendations and decisions, by category:</b>  |  |  |   |   |  |   |
| K     | Number of hearing officer recommendations and decisions - Riverboat   | Not applicable <sup>2</sup>                        | 96   | 124   | 124   | 120  | 120   |
| K     | Number of hearing officer recommendations and decisions - Video Poker   | Not applicable <sup>2</sup>                        | 91   | 127   | 127   | 105  | 105   |
| K     | Number of hearing officer recommendations and decisions - Casino  | Not applicable <sup>2</sup>                        | Not applicable <sup>4</sup>                      | 31  | 31  | 40   | 40  |
|       | <b>Number of Louisiana Gaming Control Board (LGCB) decisions, by category:</b>  |  |  |   |   |  |   |
| K     | Number of LGCB decisions - Riverboat  | Not applicable <sup>2</sup>                        | 33   | 133   | 133   | 50   | 50  |
| K     | Number of LGCB decisions - Video Poker  | Not applicable <sup>2</sup>                        | 42   | 87  | 87  | 47   | 47  |
| K     | Number of LGCB decisions - Casino   | Not applicable <sup>2</sup>                        | Not applicable <sup>4</sup>                      | 33  | 33  | 13   | 13  |
|       | <b>Number of administrative actions (denials, revocations, and suspensions) as a result of failure to request an administrative hearing, by category:</b> |  |  |   |   |  |   |

|   |   |                             |                             |     |     |                  |                  |
|---|---|-----------------------------|-----------------------------|-----|-----|------------------|------------------|
| K | Number of administrative actions as result of failure to request administrative hearing - Riverboat   | Not applicable <sup>2</sup> | 60                          | 37  | 37  | 60               | 60               |
| K | Number of administrative actions as result of failure to request administrative hearing - Video Poker | Not applicable <sup>2</sup> | 97                          | 109 | 109 | 80               | 80               |
| K | Number of administrative actions as result of failure to request administrative hearing - Casino      | Not applicable <sup>2</sup> | Not applicable <sup>4</sup> | 9   | 9   | 20               | 20               |
|   | <b>Number of licenses and permits issued, by category:</b>  |                             |                             |     |     |                  |                  |
| K | Number of licenses and permits issued - Riverboat   | 350                         | 385 <sup>5</sup>            | 350 | 350 | 165 <sup>6</sup> | 165 <sup>6</sup> |
| K | Number of licenses and permits issued - Video Poker   | 800                         | 847 <sup>5</sup>            | 800 | 800 | 485 <sup>6</sup> | 485 <sup>6</sup> |
| K | Number of licenses and permits issued - Casino  | Not applicable <sup>2</sup> | Not applicable <sup>4</sup> | 30  | 30  | 40               | 40               |

<sup>1</sup> All requests for hearings are scheduled. Discrepancies between the number of administrative hearings requested and the number held occur when hearings are continued, fine violations are paid prior to the hearing, and settlement occurs.

<sup>2</sup> This was a new indicator for FY 1999-00. It did not appear under Act 19 and has no FY 1998-99 performance standard.

<sup>3</sup> Hearing officers no longer make recommendations to the Louisiana Gaming Control Board. They render decisions that are appealable to the board.

<sup>4</sup> The land-based casino in New Orleans opened in November 1999. Licenses and permits were not issued until the first quarter of FY 1999-00.

<sup>5</sup> The Louisiana State Police completed more background investigations than usual and therefore were able to submit more approval recommendations to the board.

<sup>6</sup> Two factors have occurred that will decrease the number of licenses and permits: 1) the change in definition of key employee and 2) the statutory provision that allows for two-year licensing periods.

## RESOURCE ALLOCATION FOR THE PROGRAM

|   | ACTUAL<br>1998-1999 | ACT 10<br>1999- 2000 | EXISTING<br>1999- 2000 | CONTINUATION<br>2000 - 2001 | RECOMMENDED<br>2000 - 2001 | RECOMMENDED<br>OVER/(UNDER)<br>EXISTING |
|---|---------------------|----------------------|------------------------|-----------------------------|----------------------------|---|
| MEANS OF FINANCING:                             |                     |                      |                        |                             |                            |   |
| STATE GENERAL FUND (Direct)                     | \$4,000             | \$0                  | \$0                    | \$0                         | \$0                        | \$0                                     |
| STATE GENERAL FUND BY:                          |                     |                      |                        |                             |                            |   |
| Interagency Transfers                           | 0                   | 0                    | 0                      | 0                           | 0                          | 0                                       |
| Fees & Self-gen. Revenues                       | 0                   | 0                    | 0                      | 0                           | 0                          | 0                                       |
| Statutory Dedications                           | 6,688,350           | 1,235,155            | 1,265,155              | 1,265,090                   | 1,246,174                  | (18,981)                                |
| Interim Emergency Board                         | 0                   | 0                    | 0                      | 0                           | 0                          | 0                                       |
| FEDERAL FUNDS                                   | 0                   | 0                    | 0                      | 0                           | 0                          | 0                                       |
| TOTAL MEANS OF FINANCING                        | <b>\$6,692,350</b>  | <b>\$1,235,155</b>   | <b>\$1,265,155</b>     | <b>\$1,265,090</b>          | <b>\$1,246,174</b>         | <b>(18,981)</b>                         |
| EXPENDITURES & REQUEST:                         |                     |                      |                        |                             |                            |   |
| Salaries  | \$111,481           | \$210,369            | \$210,369              | \$231,790                   | \$202,827                  | (\$7,542)                               |
| Other Compensation                              | 156,325             | 249,947              | 249,947                | 249,947                     | 249,947                    | 0                                       |
| Related Benefits                                | 25,183              | 47,833               | 47,833                 | 50,789                      | 52,546                     | 4,713                                   |
| Total Operating Expenses                        | 192,193             | 423,996              | 423,996                | 432,614                     | 442,324                    | 18,328                                  |
| Professional Services                           | 110,635             | 296,800              | 296,800                | 296,800                     | 295,380                    | (1,420)                                 |
| Total Other Charges                             | 6,071,934           | 0                    | 30,000                 | 0                           | 0                          | (30,000)                                |
| Total Acq. & Major Repairs                      | 24,599              | 6,210                | 6,210                  | 3,150                       | 3,150                      | (3,060)                                 |
| TOTAL EXPENDITURES AND REQUEST                  | <b>\$6,692,350</b>  | <b>\$1,235,155</b>   | <b>\$1,265,155</b>     | <b>\$1,265,090</b>          | <b>\$1,246,174</b>         | <b>(18,981)</b>                         |
| AUTHORIZED FULL-TIME<br>EQUIVALENTS: Classified | 3                   | 0                    | 2                      | 2                           | 2                          | 0                                       |
| Unclassified                                    | 0                   | 3                    | 3                      | 3                           | 3                          | 0                                       |
| TOTAL   | <b>3</b>            | <b>3</b>             | <b>5</b>               | <b>5</b>                    | <b>5</b>                   | <b>0</b>                                |

## SOURCE OF FUNDING

This program is funded with a Statutory Dedication derived from the Riverboat Gaming Enforcement Fund and the Casino Proceeds Fund. (Per R.S. 39:32B.(8), see table below for a listing of expenditures out of each statutory dedicated fund.)

|                                   | ACTUAL<br>1998-1999 | ACT 10<br>1999- 2000 | EXISTING<br>1999- 2000 | CONTINUATION<br>2000 - 2001 | RECOMMENDED<br>2000 - 2001 | RECOMMENDED<br>OVER/(UNDER)<br>EXISTING |
|-----------------------------------|---------------------|----------------------|------------------------|-----------------------------|----------------------------|---|
| Riverboat Gaming Enforcement Fund | \$4,496,615         | \$1,235,155          | \$1,265,155            | \$1,265,090                 | \$1,246,174                | (18,981)                                |
| Casino Gaming Proceeds fund       | \$2,191,735         | \$0                  | \$0                    | \$0                         | \$0                        | \$0                                     |

# ANALYSIS OF RECOMMENDATION

| GENERAL<br>FUND | TOTAL       | T.O. | DESCRIPTION  |
|-----------------|-------------|------|--|
| \$0             | \$1,235,155 | 3    | <b>ACT 10 FISCAL YEAR 1999-2000</b>  |
|                 |             |      | <b>BA-7 TRANSACTIONS:</b>  |
| \$0             | \$30,000    | 0    | Reimbursement of riverboat gaming applicant's application and evaluation fee                               |
| \$0             | \$0         | 2    | Increase table of organization to provide for two positions transferred from the Attorney General's Office |
| \$0             | \$1,265,155 | 5    | <b>EXISTING OPERATING BUDGET – December 3, 1999</b>  |
| \$0             | \$17,335    | 0    | Annualization of FY 1999-2000 Classified State Employees Merit Increase                                    |
| \$0             | \$7,042     | 0    | Classified State Employees Merit Increases for FY 2000-2001  |
| \$0             | (\$1,809)   | 0    | Risk Management Adjustment   |
| \$0             | (\$6,210)   | 0    | Non-Recurring Acquisitions & Major Repairs   |
| \$0             | \$3,054     | 0    | Salary Base Adjustment   |
| \$0             | (\$24,138)  | 0    | Salary Funding from Other Line Items   |
| \$0             | (\$30,000)  | 0    | Other Adjustments - Riverboat gaming applicant's application and evaluation fees                           |
| \$0             | \$9,800     | 0    | Other Adjustments - Increased building rent  |
| \$0             | \$5,945     | 0    | Other Adjustments - Copy machine rental  |
| \$0             | \$1,246,174 | 5    | <b>TOTAL RECOMMENDED</b>   |
| \$0             | \$0         | 0    | <b>LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS</b>   |
| \$0             | \$1,246,174 | 5    | <b>BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001</b>   |
|                 |             |      | SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:   |
| \$0             | \$0         | 0    | None   |
| \$0             | \$0         | 0    | <b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL</b>                                 |
|                 |             |      | SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:   |
| \$0             | \$0         | 0    | None   |
| \$0             | \$0         | 0    | <b>TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE</b>                                       |
| \$0             | \$1,246,174 | 5    | <b>GRAND TOTAL RECOMMENDED</b>   |

The total means of financing for this program is recommended at 98.5% of the existing operating budget. It represents 96.5% of the total request (\$1,290,956) for this program. Significant adjustments include increased funding for building rent and copy machine rental, along with reduced funding for risk management premiums and riverboat applicant's application fees.

**PROFESSIONAL SERVICES**

|           |   |
|-----------|---|
| \$148,580 | Hearing officer for administrative hearings |
| \$136,800 | Court reporters                             |
| \$10,000  | Witness fees                                |

**\$295,380    TOTAL PROFESSIONAL SERVICES**

**OTHER CHARGES**

This program does not have funding for Other Charges for Fiscal Year 2000-2001

**ACQUISITIONS AND MAJOR REPAIRS**

|         |                      |
|---------|----------------------|
| \$3,150 | Replacement printers |
|---------|----------------------|

**\$3,150    TOTAL ACQUISITIONS AND MAJOR REPAIRS**